CURRENCY EQUIVALENTS

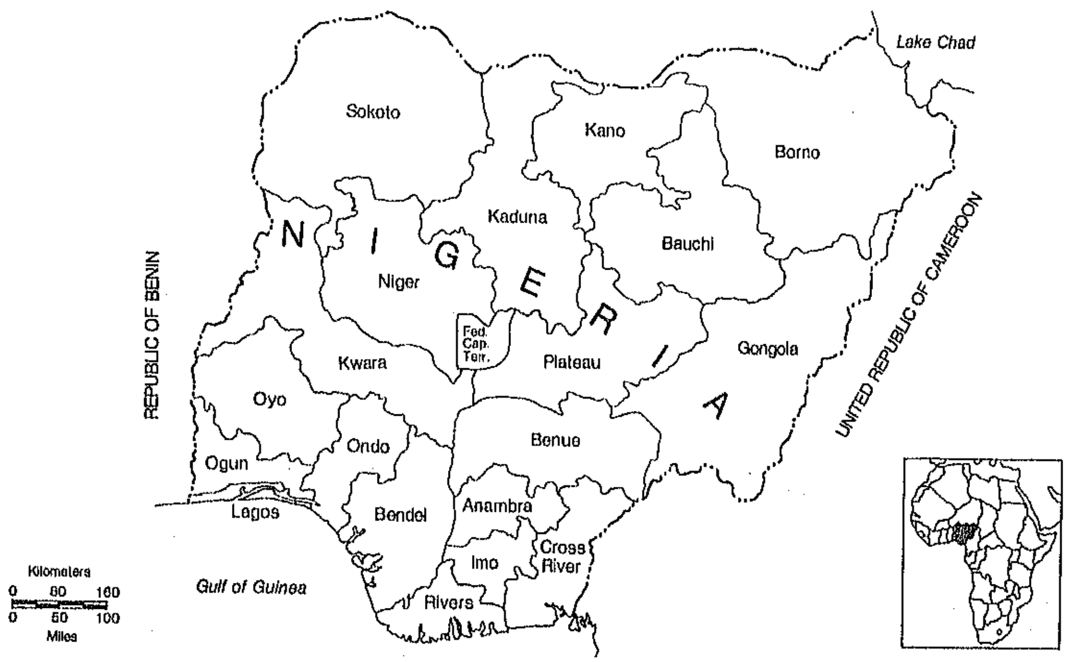
Currency Unit = Naira (N)
N 1 = US$ 1.83 (1980 average)

WEIGHTS AND MEASURES

Unless otherwise stated, all weights and measures used in this report are metric.

1 metric ton (mt) = 2,205 lb
1 hectare (ha) = 2.47 acres
1 kilometer (km) = 0.62 mile

Map of Nigeria



BASIC FACT SHEET

Geography

Area: 924,625 sq. km.
Terrain and Climate: Ranges from southern coastal swamps to tropical forests, open woodlands, grass, and savannas, with semidesert in the far north. The highest elevation is the Jos Plateau, 1,800-3,000 m. Seasonal rainfall (April-October) varies from 381 cm in the south to 64 cm or less in the far north.

People

Population: 85 million (1980 est.)
Cities: Capital is Lagos (pop. est. 4-5 million). Other cities are Ibadan (4-5 million), Kano (1 million), and Enugu (500,000).
Annual Growth Rate: About 2.5 percent.
Ethnic Groups: 250 tribal groups; Hausa, Fulani, Ibo, and Yoruba are the largest groups.
Religions: Muslim, Christian, animist, others.
Languages: English (official), Hausa, Ibo, Yoruba, others.

Government

Type: Federal republic.
Date of Independence: October 1, 1960.
Constitution: October 1, 1979.
Subdivisions: 19 States plus federal capital territory; each State is divided into local government areas.
Central Government Budget: $20.4 billion, April-December, 1980; the fiscal year was shifted to the calendar year in January 1981.

Economy

GDP (1980): $94 billion (Government est.)
Per Capita Income (1980): estimated at $750 per year.
Mineral Resources: Petroleum, gas, tin, columbite, iron ore, coal, limestone, lead, and zinc.
Agriculture: products include cocoa, rubber, palm oil, yams, cassava, sorghum, millet, corn, rice, livestock, peanuts, and cotton.
Industry: type–cotton, rubber, petroleum, textiles, cement, food products, footwear, metal products, lumber, beer, detergents, and car assembly.
Trade: (1980) Exports–$27 billion; include petroleum, tin, coal, columbite, cocoa, and rubber. Primary trade partners--U.S. and European Community (EC). Imports--$16 billion; include machinery, transport equipment, foodstuffs, manufactured goods. Primary trade partners–EC and U.S.

FOREWORD

This report provides an overview of Nigeria's agricultural and trade policies. It covers the scope of Nigerian Government policies and discusses their effects on the supply and demand for agricultural commodities. The report also focuses on Nigeria's trade relations with the United States and on the opportunities that abound for expansion in U.S. agricultural exports to Nigeria. Such an expansion would help to reduce the large U.S. trade deficit with Nigeria. This trade defict totaled $10 billion in 1980, nearly matching our deficit with Japan.

Because of the difficulty in obtaining accurate data from Nigeria, the data in this report on Nigeria's domestic economy and trade should be regarded merely as an indication of trend and magnitude.

The source materials cited in the bibliography have been indispensable in preparing this report. Foremost among them is the study by Kevin Lanagan and Brian D'Silva of the Economic Research Service, USDA, and the reports of the U.S. Agricultural Counselor in Nigeria, George Pope.

David M. Schoonover, Director
Asia, Africa, and Eastern Europe Division,
International Trade Policy, FAS

September 1981

CONTENTS

TABLES

FIGURES

SUMMARY

Nigeria's agriculture, once the backbone of that country's economy, has declined during the past decade to the point where it is now a major cause of inflation, rural to urban migration, and a large food deficit. The disappointing performance of the agricultural sector can be traced primarily to the 1968-70 Nigerian civil war, the Sahelian drought, the oil boom, and the neglect of traditional smallholder farmers who produce more than 90 percent of total farm output. Nigeria's food import policy, meanwhile, has been inconsistent, largely as a result of the Government's response to fluctuations in world oil markets. Food imports expanded rapidly in the mid-1970's in the wake of the oil boom, declined in 1979 because of a drop in petroleum revenues, and then recovered sharply in 1980, with another increase in petroleum revenues.

The Nigerian Government reacted quickly to short-term downturns in the oil sector by imposing a wide range of import controls designed to reduce the outflow of foreign exchange and encourage domestic food production. However, the Government's import controls, including outright bans, rigid licensing requirements, and preshipment inspections, have often resulted in food shortages accompanied by rapid price inflation. In the meantime, the Government's apparent policy of maintaining an overvalued currency has undercut the price competitiveness of domestic production and farm exports vis-a-vis world prices, and subsidies for farm inputs have not succeeded in fully offsetting this disadvantage.

Despite its inadequate growth rate in recent years, agriculture continues to play a key role in Nigeria's economy as an employer of more than one-half of the labor force and a supplier of food for the rapidly growing urban population. The Nigerian Government is aware that to improve the performance of the agricultural sector it must invest a substantial share of its revenues from oil, a depleting resource, in programs to expand and diversify farm production and to upgrade the rural infrastructure. To that end, the Government, with assistance from the World Bank, launched a Green Revolution program in 1980 as the basis for Nigeria's Fourth Development Plan (1981-85) for agriculture. The Green Revolution aims at solving Nigeria's chronic food problems, primarily by stimulating smallholders' farm productivity through increased use of inputs, increased availability of water resources, improved access to credit and technical assistance. The program, although overly optimistic, will probably succeed in significantly expanding food production. Nigeria's overall food deficit is expected to remain high during the early 1980's, however, largely because of rapid population growth and rising urban income. This, in turn, will necessitate increased imports of food, especially wheat, rice, corn and vegetable oils, most of which could be supplied by the United States.

Government food import policy in the early 1980's will probably continue to face the classic contradictory objectives of cheap food for the urban sector versus self-sufficiency in food production. In the case of Nigeria, cheap food means a liberal import policy, whereas self-sufficiency in production means quantitative restrictions on food imports. Nigeria's food import policy will also continue to depend on programs in the international oil market and on the progress of ongoing farm development aimed at achieving a higher degree of self-sufficiency in food production.

In keeping with its goal to boost food production, the Nigerian Government has expressed interest in promoting U.S. investment in its agricultural sector. Accordingly, in 1980 the United States and Nigeria established the Joint Agricultural Consultative Committee (JACC) to facilitate private sector cooperation in agriculture and agribusiness between the two countries. The Nigerian agricultural market offers significant opportunities for profitable U.S.-Nigerian joint ventures, especially in poultry and swine production, grain milling, food processing, and the manufacture of farm inputs.

Currently, Nigeria is the largest food market for the United States in sub-Saharan Africa. Moreover, this market is rapidly expanding because of a growing demand for food which is spurred by the prosperity brought by substantial oil revenues from the United States. An increase in food exports to this expanding market would help the United States to reduce its large trade deficit with Nigeria. In 1980, this deficit totaled $10 billion, nearly matching our deficit with Japan.

NIGERIA: AGRICULTURAL AND TRADE POLICIES

By Abraham Avidor
Asia, Africa, and Eastern Europe Division,
International Trade Policy,
FAS

INTRODUCTION

Land and Use

The Federal Republic of Nigeria lies almost at the eastern end of the broad sweep of the west African coastline. The country is bounded on the west, north, and east by the French-speaking republics of Benin, Niger, Chad, and Cameroon, respectively, and on the south by the Atlantic Ocean. It has an area of 925,000 square kilometers, the size of Texas and Arizona combined.

Four main topographical areas can be distinguished in terms of vegetation, altitude, and climate: (a) the hot, humid coastal belt of mangrove swamp, 16 to 97 kilometers wide; (b) north of this, a tropical rain forest and oil palm bushland, 80 to 160 kilometers wide; (c) a high, relatively dry central plateau of open woodland and savanna (1,830-2,150 m), with significant mountains; and (d) a semidesert in the extreme north.

Nigeria has several navigable rivers, notably the Niger, the Benue, and the Cross. In addition, the extensive lagoons of the southern coastal area are navigable and, hence, play an important role in transportation and economic activity.

Two seasons, dry and wet, are well marked throughout most of Nigeria. The north's dry season, from October to April, is usually made dusty by Sahara winds. In the south this season lasts from November to April.

The ratio of agricultural land to total land in Nigeria is one of the highest in Africa. As figure 1 indicates, about 90 percent of Nigeria's land area is suitable for some form of agriculture or forestry. Therefore, the availability of agricultural land is not a major constraint to increases in food production in Nigeria.

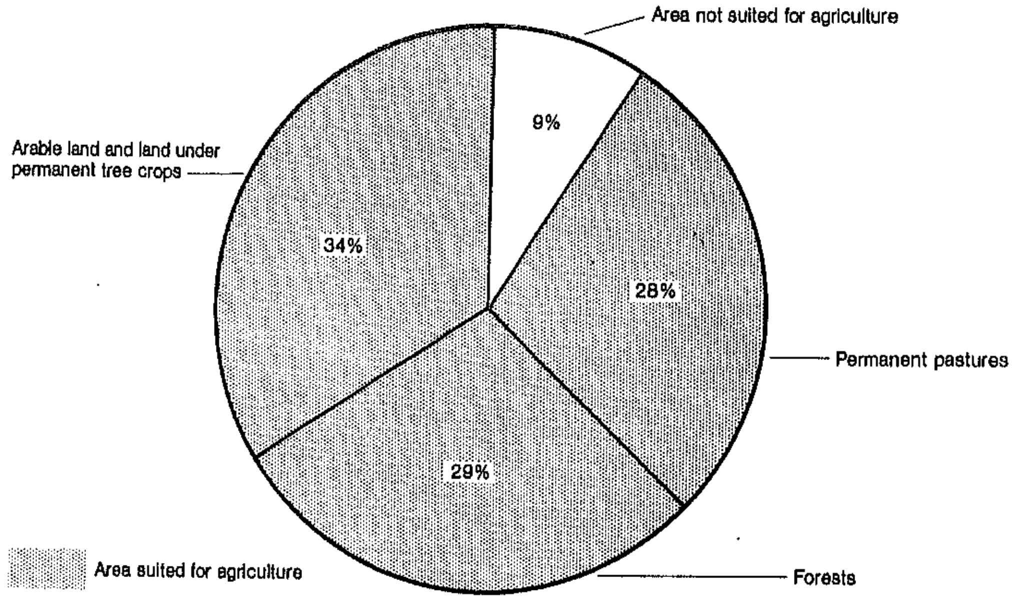
People

Nigeria is probably the tenth most populous country in the world, and certainly the most populous country in Africa. It accounts for at least one-fourth of the inhabitants of sub-Saharan Africa. However, the tribal and regional antagonisms which have long dominated Nigerian politics have also adversely affected the accuracy of population censuses. As a result, Nigeria is without accurate population data. All current population estimates and projections are derived from a 1963 census. Accordingly, estimates of Nigeria's population range widely from 80 to 100 million people. This in turn has led to varying projections of aggregate food demands. Aggregate population density in Nigeria is probably twice that of Africa as a whole and is much greater than that of the United States. Although less than 30 percent of Nigerians are urban dwellers, at least 24 cities have populations in excess of 100,000.

The variety of customs, languages, and traditions among Nigeria's 250 ethnic groups gives the country great human diversity. The northern two-thirds of Nigeria is regarded as "the North." Its dominant people, the Hausa, are primarily of Islamic faith. Smaller ethnic groups of the North include the Fulani, Nupe, Tiv, and Kanuri. The Yorubas of the southwest are divided into numerous subgroups. Most Yorubas are Christian. The largest ethnic group in the southeast is the Ibo, historically influential in trade, the political bureaucracy, and the professions. Oral communication between persons of different ethnic backgrounds frequently takes place in English, although knowledge of two or more Nigerian languages is widespread.

Figure 1

Distribution of Land Use in Nigeria



Source: Agribusiness Associates, Inc.

Government

Since its independence in 1960, Nigeria has had a turbulent political history. In October 1979, Nigeria returned to civilian government after 14 years of military rule. The present political system is similar to that of the United States. Its main features are:

- The country is divided into 19 States and a Federal Capital Territory, Abuja;
- The national constitution includes a "Bill of Rights";
- The executive branch consists of an elected President and Vice President;
- The legislative branch consists of a bicameral elected National Assembly–the upper house consists of five senators from each State and the lower house consists of members apportioned by population;
- The judicial branch is headed by a Federal Supreme Court; and
- Suffrage is universal for those over 18.

The main focus of current internal politics in Nigeria is on the delineation of States rights versus Federal rights. The debate centers on finance, legal jurisdiction, and other matters concerning Federal authority.

Mineral Resources

Oil is Nigeria's most valuable mineral and the primary monetary source for its budget. Between 1964 and 1979, Nigeria's oil production expanded on an average of 15 percent per year. By 1979, Nigerian oil wells produced about 2.3 million barrels per day, thus making Nigeria the world's eighth largest producer of oil. In that year, Nigeria's oil sector accounted for about 30 percent of the gross domestic product (GDP), 90 percent of total export earnings, and 90 percent of Government revenues. As table 1 indicates, about one-half of Nigeria's oil exports in recent years went to the United States. This has made Nigeria the second largest oil supplier to the United States after Saudi Arabia. In 1981, Nigeria will face a significant reduction in its petroleum exports largely due to the world recession caused in part by high oil prices.

Table 1.–Nigeria's oil production and exports, and U.S. imports, 1973-80

Year	Total production	Exports	Exports to U.S.	Share of exports to U.S.	Share of U.S. imports
	1,000 bbl/day			*Percent*	
1973	2,054	1,914	459	24	7
1974	2,255	2,180	713	33	12
1975	1,783	1,720	762	44	13
1976	2,067	2,015	1,025	51	14
1977	2,085	2,030	1,143	56	13
1978	1,895	1,855	919	50	11
1979	2,302	2,210	1,080	50	13
1980*	2,055	1,850	847	46	12

*Preliminary

Source: U.S. Department of Energy, Energy Information Administration.

In addition to oil, Nigeria's mineral resources for export include tin, coal, and, on a smaller scale, columbite.

Agriculture

Nigeria is the largest agricultural producer in Africa. Per capita production levels are relatively low, however, for most food categories except roots and tubers. Once the mainstay of the economy, agriculture currently accounts for less than one-fourth of the gross domestic product (GDP), with the sector's annual growth rate (1 percent) well below that of the population (2.5 percent). The Civil War, drought in the north, rural-urban migration, and lack of incentives from the Government all combined to depress farm output during the 1970's. Except for cocoa, traditional cash crops (i.e., palm products, peanuts, and rubber) are no longer major foreign exchange earners. Since 1975, Nigeria has incurred an agricultural trade deficit. This deficit exceeded $800 million in 1978.

Nigeria's agriculture is characterized by a diversity of output–from roots and tree crops in the rainy south, to corn and rice in the central zone, and peanuts, sorghum, and millet in the arid north. Farm cultivation in Nigeria is labor intensive; the sector currently employs more than one-half of the labor force. Production of subsistence crops such as sorghum, millet, cassava, and yams is almost entirely in the hands of smallholders. A typical smallholder family farms 2 to 4 hectares and makes little use of modern farm inputs and mechanized techniques. The prevailing land tenure system makes it difficult for farmers to improve yields and expand their farm size. Present Government schemes to develop large mechanized farms are just in their infancy. However, the smallholder is expected to remain the centerpiece of ongoing rural development programs.

Food crop farmers tend to store and consume a large portion of their production on the farm. They also spend great amounts of time selling their marketable crops. This reflects the social importance of the marketplace as well as the limited marketing resources available to most farmers. Nigeria's food marketing system is largely in private hands and, hence, highly competitive. The rural marketing structure is characterized by numerous middlemen linking small producers and consumers in local markets. Food commodities in Nigeria are priced in accordance with national supply and demand factors. Cash commodities, however, are purchased at predetermined support prices and handled for export by Government-controlled marketing boards. Because of poor market information, wide but usually short-lived seasonal price variations often occur between markets. Nigeria's marketing problems, largely caused by poor roads and inadequate storage facilities, are adding a hefty margin to food prices, especially in the cities. The cities often find it easier to secure food supplies through imports rather than dealing with rural areas.

Economic Growth and Balance of Payments

Economic Growth

In 1976-77, Nigeria's real GDP grew at an annual rate of about 10 percent, but this rate slowed considerably in 1978 when petroleum revenues declined sharply. Growth rates accelerated in 1979 and 1980 with increased oil production and rising oil prices. In 1980, Nigeria's GDP was estimated by the Government at $94 billion, the largest in Africa. However, with a population of more than 80 million people, Nigeria's estimated per capita income is still quite modest, about $750 in 1980. Moreover, this average figure hides the disparity between an urban population actively involved in the modern sector, and the great bulk of the rural population which has yet to be introduced to the modern economy. Nigeria's Fourth Development Plan (1981-85) projects a 7 percent average annual real growth rate in

GDP over the next 5 years. The fastest growing sectors—manufacturing, utilities, and communications—are projected to grow at an annual rate of 15 percent each. Agriculture, including livestock, forestry, and fishing, is expected to grow at an annual rate of 4 percent, compared with the 2.5 percent annual growth rate of the Third Plan period (1975-80).

Inflation

Much of Nigeria's inflation in the 1970's was fueled by rising food prices and sharp increases in Government spending. Like Mexico, Nigeria has discovered that sudden infusions of oil revenues, unless reinvested properly, foster inflation. The economic recession in 1978 somewhat slowed down imports and Government spending. This lull also helped to reduce price inflation—which has not been measured precisely—to about 20 percent. In 1980, the Government officially estimated the inflation rate to be about 10 percent. The actual rate, however, was probably higher. During the Fourth Plan, the Government will aim to keep consumer price inflation below 10 percent per year by using tight fiscal and monetary policies.

Investment

The two main laws affecting foreign investment in Nigeria are the Companies Decrees of 1968 and 1973 and the Nigerian Enterprises Promotion Decree of 1972, as amended in 1976 and 1977.[1] In effect, the two laws require that all foreign investment is Government-approved and forms joint ventures with Nigerians. Limitations on foreign investment in Nigeria result from difficulties in the repatriation of earnings, inconsistent Government policies and practices, bureaucratic inefficiency, procurement disruptions, poor communications, and the proliferation of red tape.

During the Fourth Plan period (1981-85), the Government will encourage foreign investment in large-scale farms. The financial incentives for foreign investment in agriculture already provided by the Government (e.g., income tax relief, accelerated depreciation, low interest loans, duty-free importation of farm machinery) will be maintained and improved.

Balance of Payments

Since 1974, Nigeria's balance of payments situation has been dominated by developments in the oil sector, with earnings from that sector having eclipsed all others. In the wake of the 1974 oil boom, Nigeria's foreign exchange reserves jumped tenfold to $5.6 billion. But they slid to $1.9 billion in 1978 because of reduced oil revenues coupled with heavy capital expenditures by the Government to upgrade the road, telecommunication, and port networks. Rising urban income, which led to a sharp increase in imports of consumer goods, further drained foreign exchange reserves. To surmount these difficulties, the Government introduced a number of austerity measures in 1977-78. These measures included a lowering of the official price of oil to competitive levels, imposition of import controls, a lean Federal budget, and a smaller investment role for the public sector. For the most part, the measures were successful. The economic upturn in 1979, led by higher oil prices and revenues, combined with a leveling off of imports, lifted Nigeria's foreign exchange reserves to $5.5 billion by the end of 1979. Foreign exchange reserves nearly doubled during 1980 but are expected to drop in 1981 because of reduced petroleum exports. Nigeria's debt-service ratio[2] has declined steadily from 1975 to 1980 despite substantial Government borrowing in 1977 and 1978.[3] With respect to 1980 imports, Nigeria's import-coverage ratio[4] stood at about 8 months by the end of 1980, reflecting record foreign exchange reserves. Nigeria's Fourth Plan projects progressively smaller trade surpluses, an appreciable inflow of foreign investment, peaking foreign exchange reserves by 1983, and a shrinking overall balance of payments surplus.

---

[1]The Nigerian Companies Decree of 1968 provides for incorporation, regulation, and operation of companies. Under the Decree, every company incorporated outside Nigeria, but having the intention of carrying on any business in Nigeria, must become incorporated as a separate entity in Nigeria. The Companies Decree of 1973 exempts all nonprofit companies from incorporation, as well as companies which are engaged in Government contracts by invitation.

The Nigerian Enterprises Promotion (Indigenization) Decree of 1972, and its 1976 and 1977 revisions, seek to secure greater local participation by Nigerians. Under the terms of the 1972 Decree, all companies operating in Nigeria were to have had a minimum of 40 percent Nigerian participation by the end of 1978. The 1977 amendment placed all ventures in one of three schedules. Schedule I lists those ventures reserved exclusively for Nigerians. Schedules II and III include those ventures necessitating 60 percent foreign and 40 percent Nigerian participation, respectively. Currently, almost all integrated agricultural production and processing enterprises are included in Schedule III.

[2]The debt service is the ratio of public debt service payments (principal and interest) to the value of exports of goods and services. It relates not only to the size of the debt but also to the contract terms. The higher the ratio, the greater the potential adverse impact on import capacity if foreign exchange earnings decline.

[3]Nigeria had gone on the international money market in 1977 to obtain a $1 billion Eurodollar loan. A second application the following year produced only $750 million, indicating a greater degree of caution by international lenders.

[4]The import-coverage ratio is the ratio of the value of average imports to "end of year" gross international financial reserves. It indicates a country's ability to finance imports. Gross reserves usually will not drop to zero, but at a certain level—less than 3 months' average as a rule of thumb—a country's ability to import may be constrained.

AGRICULTURAL TRADE

General Characteristics

The Role of Agriculture in Total Trade

During the past decade, the size and pattern of Nigeria's agricultural trade changed markedly due to the inadequate growth rate in farm production and spectacular growth in the industrial sector, particularly the oil industry. The value of farm exports declined in the early 1970's, and rose for the most part during the late 1970's. However, its aggregate contribution to total exports fell from between 20 and 30 percent to less than 10 percent.

Driven by growing urban income and rapid population growth, food imports rose sharply during the 1970's, thus giving rise to a sharp increase in the percentage of food in total imports, as shown below:

Year	Food	Beverages and tobacco	Mineral fuels	Chemicals	Manufactures	Machinery, transport equipment	Misc. manufactures	Other	Total
	Percent								
1960	11.2	2.9	5.3	5.7	38.1	24.3	11.2	1.3	100.0
1964	8.1	1.2	7.7	6.7	35.3	29.5	8.9	2.6	100.0
1970	7.6	.5	2.9	11.6	29.8	37.5	5.2	4.8	100.0
1974	8.4	.5	3.0	15.8	28.5	33.3	6.2	4.3	100.0
1978	12.8	.7	2.1	7.9	22.8	43.6	7.7	2.4	100.0

Sources: Central Bank of Nigeria, Economic and Financial Review.

Trading Partners

The EC and to a lesser extent the United States are Nigeria's main trading partners and largest suppliers of food. In 1978, nearly two-thirds of Nigeria's food imports originated in the United States and the EC.

With the aid of significant export subsidies on wheat flour, vegetable oils, poultry meats, sugar, and dairy products, the EC agricultural exports to Nigeria rose from $278 million in 1975 to $656 million in 1978. However, they then declined to $589 million in 1979 as a result of import restrictions by the Government. The EC agricultural imports from Nigeria were valued at $526 million in 1979, with cocoa comprising nearly two-thirds of the total.

Trade Infrastructure

Constraints on agricultural trade with Nigeria—both exports and imports—arise from that country's inadequate physical infrastructure and communications at all stages of production and marketing. Specific impediments include congested ports, inadequate storage and distribution facilities, inadequate and underutilized processing facilities (especially flour and feed mills), and poor inland transportation systems. However, Nigeria's road, telecommunication, and port networks have improved significantly in recent years, and the overall physical infrastructure will continue to improve as ongoing construction projects are completed.

Exports

Nigeria was a net food exporter before 1975, but since then it has become a major net importer of food. (See figure 2.)

The following combination of factors led to the stagnation in Nigeria's production and exports of cash crops during the 1970's:

1. The 1968-70 civil war, which damaged areas specializing in export-oriented tree crops and forced farmers to shift production resources to subsistence root crops;
2. Volatile world commodity prices, which encouraged farmers to switch to domestic food crops;
3. The Sahelian drought in the northern farm belt;
4. Increased incidence of disease and pestilence;
5. An overvalued currency which undercut the price competitiveness of exports on the world market; and
6. A major population drift from rural to urban areas, leaving an aging labor force on farms.

Of those cash crops in which Nigeria ranked as a major world exporter 20 years ago—cocoa, peanuts, and palm products—only cocoa still earns significant foreign exchange. Major exports are shown below in 1,000 metric tons:

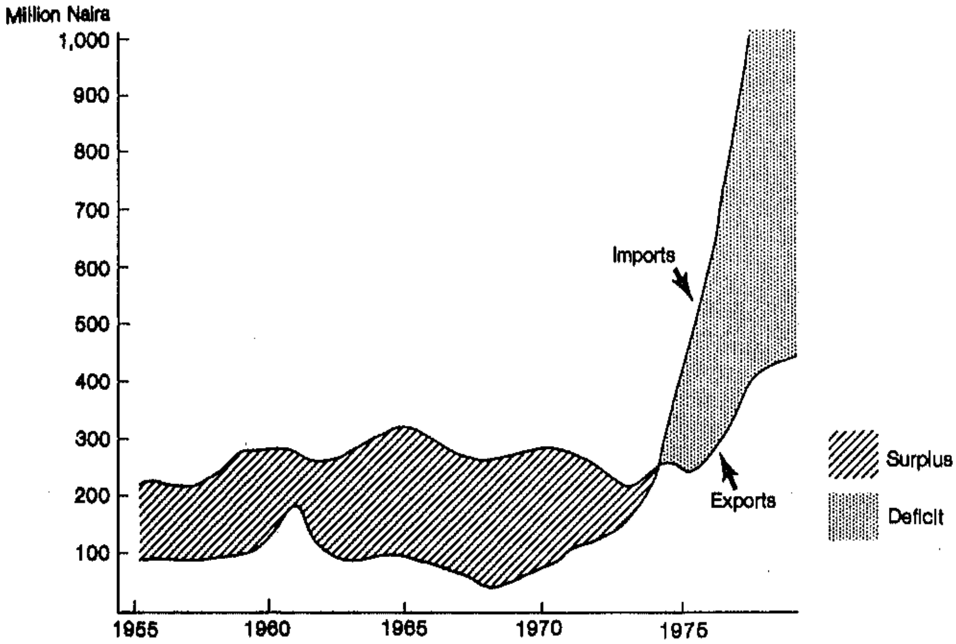
Commodity	1961	1979
Cocoa beans	187	125
Peanuts, raw	502	–
Palm kernels	417	72
Palm oil	167	–
Rubber, raw	56	24
Cotton, lint	49	25

(–) denotes less than 1,000 mt.

Source: FAO Trade Yearbooks, 1967, 1979.

Figure 2

Nigeria's Agricultural Exports and Imports



Source: Agribusiness Associates, Inc.

Prospects for growth in Nigeria's farm exports appear dim because of the looming shortfall in food crops, and because of abundant supplies and low world prices fór cocoa which is the major foreign exchange earner.

Imports

Led by a rapid rise in urban income and an annual population increase of 2 to 3 percent, Nigeria's total food and live animal imports soared during the mid-1970's and reached a peak of $1.5 billion in 1978. (See table 2.)

The next tabulation shows the breakdown in value of the main import category "Cereals and Preparations":

Milk and sugar, respectively, comprise the bulk of the other major import categories, "Dairy Products and Eggs" and "Sugar and Honey".

Barring new major trade restrictions, Nigeria's food imports, expecially food and feed grains, will probably continue to grow in the early 1980's as demand for food continues to outstrip domestic production. The pace at which food imports grow will largely depend on the progress of ongoing farm development programs and on developments in world oil markets.

Table 2.–Nigerian imports of food and live animals by sub category, 1974-78

Year	Live animals	Meat and meat prep.	Dairy products and eggs	Cereals and prep.	Fruit and veg.	Sugar and honey	Coffee, tea, and cocoa	Feed-stuffs	Misc. food	Total food and live animals
	Million U.S. dollars									
1974. . .	28.3	1.3	46.5	116.0	8.7	44.2	4.4	1.6	15.2	266.0
1975. . .	22.8	9.2	92.4	141.9	15.0	123.0	7.6	1.7	30.8	444.3
1976. . .	28.1	26.0	105.3	242.7	22.4	128.6	9.3	2.7	47.0	612.1
1977. . .	42.0	66.6	152.6	447.0	28.0	207.6	8.4	2.8	50.4	1,005.5
1978. . .	54.8	87.3	187.7	793.3	32.6	243.0	9.3	3.8	58.4	1,470.2

Source: FAO Trade Yearbook, 1979.

Year	Wheat and wheat flour	Rice	Corn	Other*	Total cereals and preparations
	–Million U.S. dollars–				
1974. . . .	81.7	2.4	1.0	30.9	116.0
1975. . . .	89.4	3.9	1.0	47.6	141.9
1976. . . .	156.8	32.1	2.3	51.5	242.7
1977. . . .	160.3	218.0	11.8	56.9	447.0
1978. . . .	272.0	419.0	20.0	82.3	793.3

*Mostly malt.
Source: FAO Trade Yearbooks, 1970-79.

Agricultural Trade with the United States

Total U.S. exports to Nigeria (agricultural and nonagricultural) grew about tenfold between 1972 and 1980, from $114 million to $1,150 million. However, reflecting the meteoric rise in oil prices, the value of imports from Nigeria has far outpaced the growth in U.S. exports. In 1980 this bilateral imbalance resulted in a trade deficit of nearly $10 billion despite a growing agricultural trade surplus which reached $274 million. Table 3 shows the growing U.S. agricultural trade surplus in recent years.

Table 3.–U.S. Agricultural trade balance with Nigeria, 1972-80

Year	Agricultural exports	Agricultural imports	Agricultural trade balance
	Million U.S. dollars		
1972	23	15	8
1973	41	49	-8
1974	82	54	28
1975	97	31	66
1976	151	66	85
1977	212	65	147
1978	301	112	189
1979	212	70	142
1980	348	74	274

Source: U.S. Department of Agriculture, Economic Research Service.

U.S. Agricultural Exports

U.S. farm exports to Nigeria, the largest U.S. market in sub-Saharan Africa, grew steadily from $23 million in 1972 to $301 million in 1978. But they declined by 30 percent in 1979, largely because of import restrictions on rice (discussed in the section on Trade Policies). In 1980, exports recovered to a record of about $350 million because of wheat and flour shipments, which reached 1 million mt, and because of substantially larger corn and rice shipments. Values for the major U.S. export products are shown in the tabulation below.

As table 4 shows, the United States dominates Nigeria's wheat and corn import markets and, together with Thailand, is a major supplier of rice.

Reflecting import bans and rigid licensing requirements, the value of U.S. exports of horticultural products to Nigeria has not grown much since 1977. Similarly, the value of animal product exports (mostly poultry meats and inedible tallow) has increased only modestly in recent years–relative to the tremendous potential of the Nigerian market–because of difficulties in obtaining import licenses.

Barring new import restrictions, the prospects for continued expansion in U.S. farm exports to Nigeria appear good, in view of Nigeria's growing demand for wheat, rice, corn and vegetable oils and its ability to finance these imports from oil revenues.

Commodity	1977	1978	1979	1980
	1,000 U.S. dollars			
Wheat and wheat flour	83,755	106,362	145,607	180,615
Rice	82,766	137,714	20,073	92,148
Corn	5,348	8,415	8,719	23,716
Poultry meats. . . .	6,523	5,941	5,575	8,463
Inedible tallow. . .	13,169	15,893	18,949	20,021
Total agriculture. .	211,956	300,638	211,634	348,150

Source: U.S. Department of Agriculture, Economic Research Service.

Table 4.–Total and the U.S. share of major Nigerian grain imports, 1973-80

Year[1]	Wheat[2]			Rice			Corn		
	Total imports	Imports from U.S.	U.S. share (%)	Total imports	Imports from U.S.	U.S. share (%)	Total imports	Imports from U.S.	U.S. share (%)
	1,000 metric tons								
1973	326	322	99	6	5	83	2	2	100
1974	342	312	91	8	3	38	3	3	100
1975	519	497	96	42	6	14	1	1	100
1976	815	694	85	103	46	45	25	24	96
1977	1,020	842	83	413	158	38	75	74	99
1978	1,300	916	70	564	256	45	40	40	100
1979[3]	1,350	979	73	100	43	43	125	109	87
1980[3]	1,400	1,100	79	387	191	49	160	120	75

[1] Imports for wheat and corn are on a July/June basis, with periods beginning in July of the calendar year indicated.
[2] Includes wheat flour.
[3] Preliminary.

Source: U.S. Department of Agriculture, Foreign Agricultural Service.

U.S. Agricultural Imports

Consisting mostly of cocoa beans and cocoa products, U.S. agricultural imports from Nigeria fluctuated sharply during the 1970's (between $15 and $112 million) and reached $74 million in 1980. This trade pattern reflects the decline in Nigeria's traditional cash crop exports as well as the volatility in world cocoa prices. In the foreseeable future, cocoa is expected to continue to dominate U.S. agricultural imports from Nigeria. The value of U.S. cocoa imports from Nigeria will probably decline sharply in 1981 because of reduced shipments and abundant global supplies which are exerting downward pressure on world prices.

FOOD AND AGRICULTURAL POLICIES

Policy Objectives

During its Fourth Plan period (1981-85), Nigeria's food and agricultural policy objectives are:

1. Increased production of food to meet the needs of a growing population, mainly through increased productivity and multiple cropping by smallholders. (Nigeria hopes to achieve self-sufficiency in food production by 1985.);
2. Increased production of livestock to meet domestic needs and for exports;
3. Increased production and processing of export crops to expand and diversify the country's foreign exchange earnings;
4. Expansion of employment opportunities in rural areas to absorb part of the growing labor force; and
5. Development of an institutional and administrative framework in such areas as farm credit, extension services, farm inputs, food processing, farm mechanization, and rural infrastructure, all of which will help Nigeria to tap its agricultural potential more successfully.

These ambitious policies, essentially the same as those of the Third Plan, attempt to tackle Nigeria's chronic farm problems of rising food prices, a growing food deficit, stagnant productivity, and a lack of supporting physical infrastructure. To solve these problems, Nigeria intends to coordinate its agricultural policy efforts better at all levels of government. It also seeks to coordinate agriculture better with other sectors of the economy whose performance has tended to depress rather than complement performance in the agricultural sector. However, despite its comprehensive planning and commitment of resources (the Government plans to earmark $8 billion to carry out its food plan), Nigeria may not be able to achieve its major food policy goals by 1985, especially self-sufficiency in food production.

Agricultural Institutions

The following section examines the principal institutions that formulate and implement food and agricultural policies in Nigeria. It is based on a recent survey by Agribusiness Associates, Inc.

Policy Institutions

Federal Ministry of Agriculture (FMA).–The FMA is the primary Federal organization responsible for

developing and implementing agricultural policy together with the States. It does this by: (a) approving State grants for agricultural projects; (b) monitoring performance of State plans and projects; and (c) participating directly in agricultural development projects.

Aside from joint projects undertaken with the States, the FMA has no direct control over State programs. It also lacks control over certain agribusiness activities, such as food processing, which are regulated by the Ministry of Industry.

State Ministries of Agriculture.—The State Ministries of Agriculture are primarily responsible for planning and implementing agricultural policies at the State level. Their three major functions are to: (a) plan and execute agricultural development projects alone, jointly with the FMA, or with semiautonomous bodies such as the World Bank; (b) provide extension service and technical assistance to individual farmers and local cooperatives; and (c) coordinate State activities with those of other local agencies.

Production Institutions

River Basin Development Authorities (RBDA's).—Nigeria's 11 regional RBDA's are federally funded and controlled by the Federal and State governments. Most of the RBDA's cut across State lines. They are mainly responsible for large-scale irrigation projects and for development of irrigated agriculture. The water resource projects tend to be large scale and capital intensive.

Local Government Councils (LGC's).—The LGC's have recently been organized in an effort to improve local development projects. Their areas of responsibility include extension services, rural water supply, feeder roads, food markets, and land control. The LGC's are especially important in offering technical assistance and providing farm inputs to local farmers.

The Parastatals.—Nigeria has created several Government-owned corporations—the Parastatals—to help develop the agricultural sector. The Parastatals have existed since the early 1970's but were reorganized in 1978 into profit-oriented joint ventures with foreign companies. Such joint ventures have at least three equity holders: the Parastatals (which provide labor and access to Government channels); the States (which provide access to land); and a foreign partner (which provides technical expertise, management, financing, and equipment). Two important Nigerian Parastatals are the National Grains Production Company and the National Livestock Production Company.

Marketing Institutions

Commodity Boards (CB's).—Seven specific CB's were established in 1977 to replace the existing multiproduct and regional marketing boards, as shown in the tabulation above:

Board	Crop responsibilities
Cocoa	cocoa coffee tea
Cotton	cotton tobacco
Groundnut	groundnuts soybeans benniseed shearnuts ginger
Grains	sorghum millet maize milled rice paddy
Palm Produce	palm oil palm kernels copra
Rubber	rubber
Tubers and Root Crops[1]	yams cassava

[1] Since abolished.
Source: World Bank

The CB's recommend minimum prices to be paid to growers based on advice from the Technical Committee on Producer Prices (TCPP). The TCPP is chaired by the Ministry of Finance and relies on the Central Bank for research and analysis. The Federal Ministry of Agriculture (FMA) is represented on the TCPP as well as the Ministry of Industry, the Ministry of Trade and Economic Development, and the Central Bank. Final decisions on pricing policy are the responsibility of the President.

The CB's have exclusive responsibility for exports of the particular commodities they handle. For domestic markets, however, the CB's are only obligated to purchase commodities at the established minimum prices, thus sharing the market with other commercial enterprises.

Agricultural Production Policies

Stabilization Policies

Nigeria has not followed definitive policies on farm price and farm income supports. Support prices, subsidies, and other aids have usually been granted on

n *ad hoc* basis. The CB's for grains and peanuts are nly residual purchasers of these commodities, beause market prices are generally well above support evels. Cash commodities such as cotton, palm roducts, cocoa, and rubber are purchased at predeermined guaranteed prices and handled for export xclusively by the CB's.

roduction Incentives

During the Fourth Plan, the Government will rovide the following incentives for expanded agriculural production:

1. Significantly improved and guaranteed price supports, especially for grains;
2. Equity holdings in commercial joint ventures seeking to establish large-scale farms;
3. Significant tax preferences and tariff benefits for private investment in agricultural production and processing, such as income and excise tax relief and duty-free importation of farm machinery;
4. Increased availability of short- and medium-term agricultural credit to induce farmers to increase their use of farm inputs;
5. Increased processing and storage capacity, especially for export crops;
6. Significant subsidies for land-clearing and for key farm inputs such as fertilizers, pesticides, and seeds;
7. Devising new ways to improve the use of farm machinery;
8. Increasing the number of extension workers; and
9. Formation of agricultural cooperatives which have proved successful in the past in introducing new farming methods. (To that end, a national agricultural cooperative center will be established to train cooperative leaders and members.)

Production Disincentives

Some disincentives to agricultural production in Nigeria are the:

1. Inadequate level of rural infrastructure;
2. Rigid land tenure system which inhibits improvements in productivity and expansion in farm size;
3. Lack of a consistent Government policy toward agricultural production, trade, and investment;
4. Lack of coordination between Federal departments and between Federal and State organizations;
5. Competition from cheap imports;
6. Inadequate extension service and agricultural research;
7. Rapid growth in the industrial sector of the economy, which has led to massive rural to urban migration of young farm labor; and
8. Lack of skilled labor and managerial know-how.

Production Development Programs

The Nigerian Government is aware of the need to improve the performance of the farm sector and to invest the sizable revenues from oil, a depleting asset, to expand and diversify the country's agriculture. To that end, Nigeria has launched the following three national agricultural development programs: (a) The National Accelerated Food Production Program (NAFPP); (b) Operation Feed the Nation (OFN); and (c) The Green Revolution.

A summary of each program follows:

The National Accelerated Food Production Program (NAFPP) was introduced in the early 1970's. Its main goal was to promote the production of subsistence crops, thereby achieving increased food supplies, higher farm income, and affordable consumer prices. This was to be achieved through greater use of farm inputs and improved marketing systems. The program, still in effect, has had only qualified success.

Operation Feed the Nation (OFN), which started in 1977, was essentially a publicity drive designed to heighten people's awareness of Nigeria's food problems and the need for the country to become self-sufficient in food. To this end, extensive media programs and youth work projects were undertaken. The program, no longer in effect, succeeded in making Nigerians aware of their country's growing food problems. Government efforts to support the OFN focused on increased producer prices and significant price subsidies for fertilizer.

The Green Revolution program was drafted by a team of Nigerians and World Bank specialists as the model for Nigeria's Fourth Plan. The main goal of the Green Revolution, as President Shagari explained, is to bridge the gap between the "high yields achievable on research stations and the poor yields recorded on farmers' fields." The program recommends that the Fourth Plan adopt a national food and nutrition policy with the following goals:

- to provide adequate food supplies at affordable prices;
- to become self-sufficient in basic food commodities;
- to improve the nutritional standards of the Nigerian diet;
- to ensure stability in food and farm input markets; and
- to ensure fair returns to food producers.

Specifically, the Green Revolution program calls for:

- heavy reliance on smallholders to increase food production;
- private sector handling of farm inputs;
- greater use of two types of integrated programs sponsored by the World Bank—Agricultural Development Projects (ADP's) and Accelerated Development Areas (ADA's)[5]—as the basis for increasing smallholder productivity;
- large Government spending on rural infrastructure, but minimal Government role in food production;
- consistent and rational policy for input subsidies, commodity pricing, and development planning;
- expanded planning and implementation of agricultural projects; and
- increased availability of water resources and expanded area under cultivation.

Structural Change Programs

Nigeria's traditional land tenure system poses a major constraint to accelerated food production. Under this system, rights to land ownership in Nigeria are often vested in communities. Individual farmers normally do not hold title to their land. Instead, small farmers and their families are generally regarded as tenants. Moreover, tenure traditions in many areas dictate that surplus profits be shared with the community, thereby denying farmers an important incentive for increased farm productivity. The Nigerian Government has made two attempts (the Farm Settlement Scheme of 1960 and the Land Use Decree of 1978) to change land tenure practices, but thus far has not had noticeable success.

Consumption Policies

Consumption Enhancement Policies

Consumer Subsidies on Meat and Food Crops.—According to the World Bank, in the late 1970's, imported frozen meat was sold to butchers in State capitals at 40 percent of import cost, or an estimated subsidy of N1.50 per kilogram. In 1977, imports of frozen meat amounted to 23,400 mt, requiring an estimated subsidy of N35 million. This meat subsidy, however, has benefited only middle-income urban consumers. Prior to its dissolution, the Nigerian Tubers and Roots Marketing Board purchased cassava which it sold in Lagos at 25 percent below the market price. Other food crops grown on Government-run farms are sometimes sold to selected institutions (army, schools, hospitals) at subsidized prices. The scope of this subsidy, however, is not known.

Consumption Restraint Policies

Restrictive Import Policy.—Various Nigerian import controls in recent years have resulted in domestic food shortages accompanied by rising prices which led to the rationing of available supplies. The overall consumer price index rose sharply during the 1970's with the increase due almost entirely to food prices. The effect of soaring prices on food consumption in Nigeria are serious because food accounts for more than one-half of consumer spending, compared with about one-quarter in more developed countries. Continued import restrictions will probably further restrain food consumption because of the looming short-fall in domestic food production. In the foreseeable future, Nigeria's food deficit is expected to remain large (around 3 million tons of grain equivalent annually) even if one assumes an optimistic 4 percent growth rate in domestic production. (See figure 3.)

The overall composition of the Nigerian diet, which is characterized by low protein intake, may not change much in the early 1980's despite increased consumption of meat, rice and wheat products in urban areas where incomes are rising. Total consumption per capita may rise only marginally throughout this decade and reach just over 410 kilograms per capita in 1990. (See figure 4.)

Commodity Policies

Grains

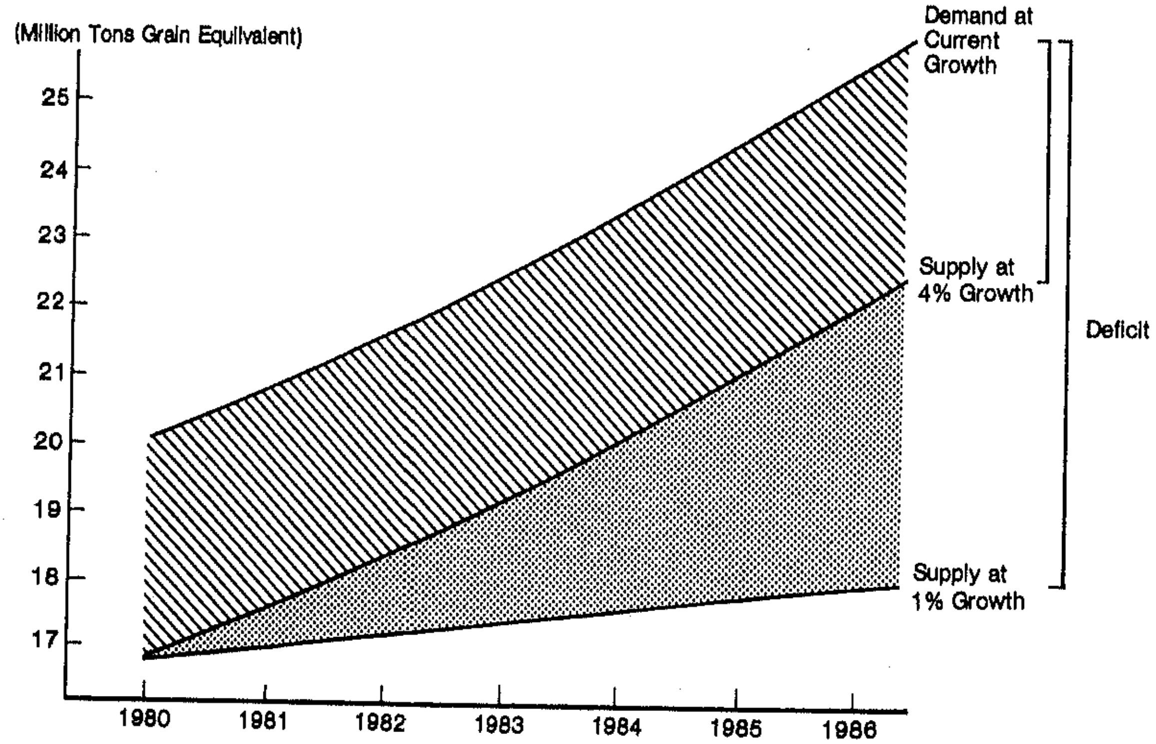
Wheat and Wheat Flour.—Nigeria grows only a small quantity of wheat (15,000 mt in 1980), because the crop can be grown only in the dry season and must be irrigated. Despite Government policy to encourage wheat production in recent years through expansion of irrigated areas and higher support prices, it is not likely that Nigeria will ever produce more than a small fraction of its wheat requirements.

Wheat imports, especially of the hard bread varieties will, therefore, continue to grow to meet the expanding demand for wheat-based products. In 1980, Nigeria's wheat imports were just over 1 million tons and virtually all of them came from the United States. These imports entered Nigeria duty free because Government policy encourages wheat imports. The main constraint to growth in wheat imports is the limited domestic milling capacity, estimated in 1980 at 1.2 million mt. However,

[5]The ADP's aim at providing smallholder farming communities with an integrated package of improved extension services, farm input distribution, and feeder roads to increase farmers' productivity and income. The ADA's include the core elements of the ADP's in a less intensive package and are being implemented in residual areas not yet covered by the ADP's.

Figure 3

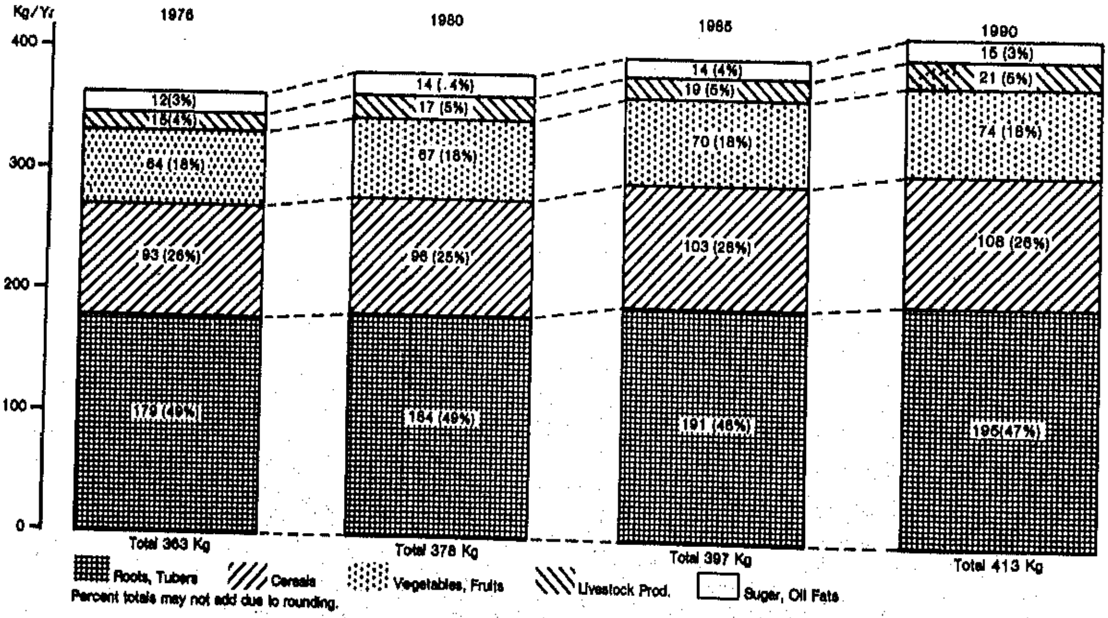
Nigeria's Food Deficit



Source: Agribusiness Associates, Inc.

Figure 4

Per Capita Food Consumption in Nigeria



Source: Agribusiness Associates, Inc.

because of current expansion efforts, Nigeria's milling capacity could rise to 2.0 million mt by 1985.

Nigeria's wheat flour imports have been erratic in recent years, largely because of competition from domestic flour mills. However, these mills have tended to operate below capacity because of mechanical problems and low profit margins (Nigeria's ex-mill flour price is fixed). In 1980, wheat flour imports amounted to 200,000 mt. Most imports came from the EC which provides export subsidies. Wheat flour imports are expected to continue to be high in 1981 because of Government efforts to reduce high retail prices. In early 1981, the import duty on wheat flour was 50 percent.

Corn.–Most of Nigeria's corn grows in the southern and western parts of the country where rainfall permits two crops per year. Yields, however, tend to be low and the weather is the main determinant of production. Benefiting from good weather, Nigeria's corn crop increased by 3 percent in 1980 to 1,720,000 mt. The Government-controlled marketing board for grains, as well as the Grain National Production Company, is authorized to purchase corn and other grains at minimum support prices. Actual purchases are only negligible, however, because market prices are normally well above support levels. During the Fourth Plan, the Government will encourage corn production via significantly higher support prices.

Nigeria's corn imports–mostly for the poultry and livestock feed industries–are growing rapidly because almost all domestically grown corn is consumed on the farm. The two main factors that will determine the expansion of Nigeria's corn imports are the growth rate of the domestic feed industry and how fast port facilities for bulk handling of feedgrains are built. Government policy disrupted the inflow of corn imports in 1978-79 by placing phytosanitary restrictions on U.S. shipments. This trade restriction was resolved, however, in late 1979 and U.S. corn imports jumped from 60,000 mt in 1979 to 162,000 mt in 1980. The import duty on corn was 20 percent in early 1981.

Rice.–Rice production in Nigeria has risen sharply in recent years largely due to supportive Government policy. Government assistance to rice producers has included: improved rice varieties, higher support prices, subsidized farm inputs, and aid in land clearing. During the Fourth Plan, the Government intends to help smallholder rice producers to cultivate 45,000 hectares from which an additional 90,000 mt of rice could be produced annually. In 1980, reflecting Government support measures as well as good growing conditions, Nigeria's paddy rice production rose by about 20 percent to slightly over 1 million mt. However, despite this sharp increase, there continued to be a severe shortage of rice throughout the country as demand outstripped supply.

Nigeria's rice imports have risen sharply in recent years due to urban income gains and increased preference for the long-grain parboiled rice supplied by the United States and Thailand. The Government, however, has not been able to formulate a consistent rice import policy and imports have tended to be erratic. (See the section on trade policies.) This has led to sharp fluctuations in domestic prices along with reportedly large-scale smuggling. Despite strong pressures from domestic interest groups, the Government appears reluctant to relax its rigid import licensing system for rice. In late 1980, it announced that licenses to import rice will no longer be issued to individuals but only directly to authorized Government agencies. This, however, neither ended the prohibition of rice imports in bags smaller than 50 kilograms, nor modified the 20 percent import duty. Total rice imports in 1980 are estimated at over 350,000 mt, with the U.S. share at around 50 percent. Thailand supplied most of the remaining rice imports.

Sorghum and Millet.–In terms of total acreage and per capita consumption, sorghum and millet are the main subsistence grains in the North. As with corn, the weather is the main determinant of production. However, in recent years improved yields have been achieved in projects sponsored by the World Bank. In 1980, sorghum production rose slightly to 3.8 million mt, while millet production stagnated at 3.1 million mt largely as a result of dry growing conditions. During the Fourth Plan, the Government will encourage sorghum and millet production with significantly higher support prices.

Nigeria's imports of sorghum and millet are negligible, reflecting self-sufficiency in the production of these subsistence grains.

Oilseeds and Oilseed Products

Peanuts.–Nigeria's peanut production declined sharply throughout the 1970's because of the Sahelian drought, crop diseases, lack of price incentives, and a switchover by farmers to less risky crops. In 1980, to reverse this trend, the Government raised support prices significantly and distributed improved seed. However, nearly all of the 1980 crop, estimated at some 400,000 mt, was consumed on the farm leaving residual supplies only for the Groundnut Marketing Board. Government assistance to peanut growers during the Fourth Plan will focus on the cultivation of some 1.2 million new hectares.

Other Oils and Oilseeds.–Production of oils and oilseeds other than peanuts (namely, soybeans, sesame seed, palm kernels, and palm oil) showed little change in 1980 from 1979 levels. During the Fourth Plan, the Government intends to assist expansion of these crops by: (a) the cultivation of 60,000 hectares of soybeans; (b) the establishment of 206,000 hectares of palm oil plantations; and (c) the rehabilitation of 68,000 hectares of existing palm oil plantations.

Nigeria, once a major world exporter of palm oil, became a net importer of that product for the first time in 1979. Despite Government efforts to expand production in recent years, it is not likely that Nigeria will be able to eliminate its palm oil trade deficit during the 1980's because of expanding domestic demand for oils and fats. Imports of refined vegetable oils, mainly rapeseed oil from Europe, have also risen sharply in recent years and will probably continue to climb in the early 1980's. As with palm oil, Nigeria's exports of palm kernels have dropped in recent years because of increased domestic use.

In early 1981, there were no tariff or nontariff barriers on imports of oilseeds and their products.

Fiber and Tobacco

Cotton.—Nigeria's cotton production has suffered in recent years from pests, poor weather, and a diversion of cotton acreage into grains in response to more favorable grain prices. In 1980, to counter this trend, the Government increased cotton producer prices by some 20 percent. This led to a sharp increase in planted acreage, but to no significant increase in production, estimated at 40,000 mt in 1980. As a result of inadequate domestic supplies, substantial cotton imports were needed in 1980 to provide operating stock for the domestic textile industry.

Tobacco.—Nigeria's tobacco production rose sharply in 1980 to some 17,000 mt because extension efforts by private tobacco companies began to pay off. The rising domestic production along with Government import restrictions have led to reduced imports. The Government assists tobacco production only indirectly through its overall production incentives to the private sector.

Dairy, Livestock, and Poultry

Dairy.—In the absence of Government assistance, dairy is the least developed subsector in Nigeria's animal products system. Lack of pasture, the poor quality of local cattle, and the poor adaptation of imported breeds of dairy cows have all combined to keep Nigeria's milk output low. Increased imports of dried milk and cheese have been necessary in recent years to bridge the ever-growing gap between domestic output and expanding urban demand. The Fourth Plan calls for increased milk production through the establishment of dairy farms and plants.

...ttle population dropped 15
largely due to the Sahelian
two major constraints to
...ergrazing of
which still
. Problems
t imported
food crops
imitations,

the main increase in livestock production will probably have to come from commercial feeding operations. However, shortages of feedgrains and inadequate processing facilities are impeding the growth of feeding operations. To stimulate meat production during the Fourth Plan, the Government intends to assist the livestock industry through the: (a) development of cattle ranches; (b) establishment of piggeries; (c) establishment of feedmill complexes and concentrate mixing plants; (d) provision of grazing ranches; and (e) construction of cold storage facilities. Nigeria's livestock expansion programs will also benefit from significant aids by the States.

Nigeria's livestock imports have increased rapidly in recent years in order to satisfy a growing demand for red meats, especially in the urban areas.

Poultry.—Nigeria's poultry industry has emerged as a major source of animal protein in recent years. Poultry operations in Nigeria are conducted in two distinct ways—the traditional village poultry operations, which provide for local subsistence needs, and the commercial operations, which are expanding rapidly to meet the growing needs of the urban sector. Constraints to expansion in commercial poultry operations result from the: (a) shortage of layers; (b) lack of investment capital; and (c) shortage of poultry feed.

In recent years, Government policy has helped domestic poultry operations expand by imposing a ban on imports of eggs and live poultry (excluding day-old chicks), and by imposing a rigid licensing system on imports of poultry meat. This, in turn, has resulted in a growing demand for feed imports.

Nigeria's Fourth Plan calls for large-scale production of day-old chicks and broilers for distribution to poultry growers at a 20 percent subsidy. As Nigeria's poultry production expands, so will its demand for imported feedgrains, most of which can be supplied by the United States.

Horticultural and Tropical Products

Fruits and Vegetables.—A large variety of fruits and vegetables is grown in Nigeria's diverse climate. Foremost among them are bananas, cassava, pulses, cocoyams, and yams. Most of the marketed produce moves from rural areas to the urban market through small middlemen. Marketing margins tend to be high and retail prices for some products are almost prohibitive. The Government has little impact on the production and marketing of fruits and vegetables in Nigeria. The Government-controlled marketing board for tubers and root crops was abolished in 1978.

Tropical Products.—Nigeria's primary tropical products are sugar, cocoa, coffee, and rubber.

1. Sugar. Nigeria's 1980 raw sugar output rose to 32,000 mt, thus halting a 5-year decline which had resulted from a shortage of spare parts, labor problems, and cheap imports. Output in 1981 could reach

42,000 mt as a second large sugar plantation and mill begin operations.

There are no exports of sugar from Nigeria. Imports, however, are considerable, some 500,000 mt in 1980, and will probably continue to grow because of soaring demand for soft drinks, baked goods, and sweeteners. Government policy does not provide the sugar industry with any concrete assistance such as price supports, tax benefits, or investment incentives.

2. Cocoa. At 170,000 mt, Nigeria's 1979/80 cocoa crop was 30,000 mt larger than in the previous year, but still far below the 1970/71 historical record of more than 300,000 mt. Improved weather and better husbandry were primarily responsible for the 1979/80 increase. At present, Nigeria is the world's fourth largest cocoa producer (following the Ivory Coast, Brazil, and Ghana) and its share of world output hovers around 10 percent. The Government has assisted cocoa growers mainly through increases in support purchase prices paid by the Cocoa Marketing Board. During the Fourth Plan, the Government—with assistance from World Bank projects—intends to establish about 42,000 hectares of new cocoa plantations and rehabilitate some 85,000 hectares of existing plantations.

Despite major declines throughout the 1970's, cocoa remains Nigeria's main agricultural export crop, accounting for about 40 percent of nonpetroleum exports. Virtually all of the cocoa crop is exported, an estimated 170,000 mt in 1979/80. Export prices and earnings have declined since 1978, however, due to a buildup in world stocks and falling demand. In early 1981, the Government withheld exports from the 1980/81 crop because world market prices were well below the domestic support level of $1.10 per pound.

There are no imports of cocoa or cocoa products to Nigeria.

3. Coffee. Nigeria's coffee production is small, some 3,000 mt in 1980, compared to that of other coffee-producing countries in West Africa. The Government has encouraged production in recent years through increased support prices, but production has remained at the 3-4,000 mt level.

Nigeria's coffee trade consists of bean exports, which comprise most of the domestically grown crop, and soluble coffee imports. In recent years, Nigeria has become a net importer of coffee.

4. Rubber. Since independence in 1960, Nigeria's rubber production has been rather stable, at 60-70,000 mt per year, but its share of world production has declined to about 1.5 percent. To stimulate production in recent years, the Government has established support prices considerably above the world level. Thus far, however, there have been no noticeable increases in production. During the Fourth Plan, the Government intends to assist rubber production by establishing 100,000 hectares of new plantations and rehabilitating another 95,000 hectares of existing plantations.

Nigeria's rubber exports have declined in recent years as a result of increased domestic use and stagnant production. Despite Government efforts to increase production, rubber exports will probably decline during the 1980's because of reduced yields from older trees and increased domestic use.

TRADE POLICIES

Policy Objectives

During 1978 and 1979, Nigeria's erstwhile military Government instituted a number of import controls, such as outright bans, licensing requirements, tariff increases, and preshipment inspections. These controls were intended to slow the drain on foreign exchange reserves and promote domestic food production. For the most part, these restrictions are still in effect and act as disincentives for imports. The licensing requirements and outright bans have also led to policy revisions and reversals (as was the case with rice). Policies of the present civilian Government continue to emphasize expansion of farm output along with import controls to stem the outflow of foreign exchange and increase self-sufficiency in agriculture. To promote self-sufficiency in agriculture, the Government provides significant domestic subsidies for farm inputs, especially fertilizer, and lower tariffs for the importation of farm inputs and farm machinery.

Export Policies

Export Enhancement Policies

Export Subsidies.—The World Bank has reported that in the late 1970's, to encourage the export of cash crops, Nigerian producers of palm kernels, cotton, and rubber received subsidies through Government support prices that were higher than their respective export prices. These subsidies enhanced the price competitiveness of these products on the world market. In 1977, producer price subsidies for palm kernels, cotton, and rubber (i.e., the differences between the product prices and the respective export parity prices) were N120, N109, and N17, respectively, as shown in the following tabulation (in Naira per mt).

Export Restraint Policies

Export Tax.—According to the World Bank, in the late 1970's, Nigerian cocoa and peanut producers did

not receive the full value of their products in the producer prices paid by their respective marketing boards. In 1977, this apparent tax amounted to N200 for cocoa and N61 for peanuts. (See tabulation below.)

	N/MT	N/MT
Cocoa		
Producer price	1030	
Marketing & transport	150[1]	1180
Export unit value		1380
Subsidy (−)/tax (+)		+200
Cotton		
Producer price	330	
Marketing, processing, and transport	188	518
Export parity price: seed	30	
Import substitution price: lint	379	409
Subsidy (−)/tax (+)		−109
Palmkernels		
Producer price	150	
Marketing & transport	150	300
Export unit value		180
Subsidy (−)/tax (+)		−120
Rubber		
Producer price	365	
Marketing, processing, and transport	195	560
Export unit value		543
Subsidy (−)/tax (+)		− 17
Groundnuts		
Producer price	275	
Marketing, processing, and transport	69	344
Export parity[1]		405
Subsidy (−)/tax (+)		+ 61

[1]Estimated.

Source: World Bank.

Export Controls.—Most agricultural products are under export controls. Since April 1, 1978, under the Export Prohibition Order, the following products have been prohibited from export: beans, cassava, palm oil, peanut oil, corn, rice, milk, sugar, flour, hides and skins, and all imported food items. Most other agricultural items require specific export licenses. Unless specifically listed, exported goods are exempt from duties.

Currency Overvaluation.—The Nigerian currency, the Naira, has appreciated significantly in recent years and is currently thought to be overvalued. This overvaluation has artificially increased the price of Nigeria's farm exports, thereby apparently undercutting their competitiveness on the world market.

Import Policies

Import Enhancement Policies

Tariff Rates.—Nigeria's tariff rates are rather moderate by African standards. They especially favor imports of capital goods for agricultural development, such as farm machinery, as well as imports of food commodities for which domestic production is small, such as wheat.

Currency Overvaluation.—The apparent overvaluation of the Naira, mentioned before, has artificially made food imports cheaper than they would otherwise have been. Before 1978, unrestricted imports of rice and frozen meat at an overvalued exchange rate undercut domestic production of these commodities.

Import Restraint Policies

In order to stem the outflow of foreign exchange and protect domestic producers from cheap imports, Nigeria has instituted major restrictions on food imports in recent years.

Import Restrictions on Rice, Corn, and Wheat.—The first major restriction on rice in recent years was the Nigerian Government's October 1, 1978 ban on imported rice packaged in bags of less than 50 kilograms. Six months later the Government imposed licensing on all rice imports. The most drastic action came in September 1979, when the Nigerian Government banned all rice imports. This ban, however, caused a domestic shortage of rice accompanied by rising prices, with the result that in December 1979 the Government ordered licenses to be issued for imports of 200,000 mt of rice in the first half of 1980. Additional licenses for rice imports were issued in late 1980, giving rise to estimated imports of over 350,000 mt. Licenses to import rice in 1981 are no longer issued to individuals but directly to authorized Government agencies.

Corn exports to Nigeria also suffered from restrictive trade policies by the Nigerian Government. Here the barriers were phytosanitary restrictions that effectively banned corn imports from June 1978 to September 1979. The issue was resolved, however, in late 1979. Nigeria is now permitting entry of corn, but with the condition that consignments may be inspected to ensure that corn imports are not used for seed.

In contrast to rice and corn, Nigeria's wheat imports have continued to grow uninterruptedly. Wheat imports are under license, but flour mills report no problems in obtaining licenses promptly. Moreover, there is no import duty on unmilled wheat, since Government policy continues to encourage wheat imports. Nigeria is vitally dependent on wheat imports because domestic production covers only a small fraction of consumption and demand for wheat is gowing rapidly as bread becomes an important part of the national diet.

Import Controls on Other Products.—The Import Prohibition Order of 1978 specifies prohibited goods in Schedule I. In Schedule II, it defines countries (South Africa and Namibia) from which the importation of all goods is absolutely prohibited. And it lists in Schedule III those items which require specific import licenses. Goods not specified in Schedule I, II, or III may be imported without any license.

In early 1981, Schedule I prohibited, among other things, the importation of cigarettes, eggs in the shell, live poultry (excluding day-old chicks), most nuts and nut preparations, most fresh fruits and fruit preparations, most vegetables and vegetable preparations, beer and stout, roots and tubers, bread, biscuits, cakes, pastry, fresh milk, confectionery sugar, and macaroni and spaghetti.

In early 1981, Schedule III required specific import licenses for chilled and frozen beef and poultry, tobacco, nonalcoholic beverages, corn flakes, cereals, tomato puree and paste, salted or dried meat, soups, spices, brandy, gins, and wines.

International Economic Relations

The General Agreement on Tariffs and Trade (GATT)

Nigeria is a member of GATT and maintains a nondiscriminatory import tariff. Recently the Government, however, in apparent contradiction of Article XI of the GATT (which with few exceptions prohibits quantitative restrictions by contracting parties) has unilaterally imposed quantitative import controls and has failed to notify GATT of these restrictions.

In the Tokyo Round of Multilateral Trade Negotiations, Nigeria did not make any tariff concessions and as of July 1, 1981, it had not signed any of the Tokyo Round nontariff Codes.

Regional Trading Arrangements

Nigeria maintains membership in the following African regional trading organizations: the African Development Bank, the Lome Convention,[6] and the Economic Community of West African States (ECOWAS). The ECOWAS, by far, is the most important regional trade organization in Africa.

ECOWAS.—Nigeria is one of the founders of the ECOWAS and is its main financial supporter. The treaty bringing the ECOWAS into existence was signed in Lagos in May 1975 by 15 West African states.[7] The region is very well endowed with natural resources ranging from petroleum to rubber, cocoa, iron ore, and bauxite.

To achieve economic integration, the ECOWAS aims at liberalizing trade and realizing a full customs union[8] by 1990. Accordingly, it was decided that as of May 1979, no member state should increase its customs tariff on goods from another member. This has been followed by gradual tariff reductions and quota eliminations that will continue until 1985. In the final 5 years (i.e., 1985-90) all differences between external customs tariffs are to be abolished. To achieve these objectives, a Fund was set up to: (a) promote and finance development projects; (b) provide compensation to member states which suffer losses as a result of relocation of industries and liberalized trade within the Community; and (c) guarantee foreign investments made in pursuance of the provisions of the treaty.

The main problems related to freeing trade within ECOWAS are:

1. Commodity exports and industrial production in member states compete rather than complement each other;
2. Gains from economic integration might not be evenly spread to the poor members of the Community, especially the landlocked countries of Mali, Niger, and Upper Volta; and
3. Political stability, which is imperative for the integration process, might not prevail in all member states.

Whether the ECOWAS will achieve its goals is difficult to predict because of the inherent problems of the integration process. The collapse of the East African Community in 1977 precludes an overly optimistic assessment and might explain why the ECOWAS is inching forward rather than taking giant steps.

International Commodity Arrangements

Nigeria is a party to the following international commodity arrangements which deal with products exported by Nigeria: International Cocoa Organization, International Coffee Organization, International

---

[6]The Lome Convention between the European Community (EC) and some 60 African, Caribbean, and Pacific countries (ACP's) is the most significant trading arrangement between the EC and developing nations. In terms of agricultural trade, the present Lome II Convention (1980-85) covers about 15 percent of the EC agricultural imports in 1978. Preferences given by the EC to ACP's include: duty and quota-free concessions on imports of coffee, cocoa, tea, and spices; a scheme for stabilization of export earnings; and financial and technical aid.

[7]These states included Benin, The Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo, and Upper Volta. Cape Verde joined the Community in 1977, bringing the total membership to 16 states.

[8]The customs union is a regional grouping of countries that levies common external duties on imports from nonmember countries, but which eliminates tariffs, quotas, and many other governmental restrictions on trade among member countries. A customs union often is referred to as a "tariff union" or a "common market."

The General Agreement on Tariffs and Trade permits formation of common markets, but provides that duties and other trade restrictions imposed on other GATT countries by the common market at the time it is formed shall not on the whole be higher or more restrictive than the general incidence of duties and other trade restrictions imposed by the individual countries prior to formation of the common market.

Tin Council, International Rubber Organization, International Cotton Advisory Committee, International Institute for Cotton, and West African Groundnuts Council.

Cocoa is Nigeria's principal farm export commodity and, hence, its main concern in international agricultural commodity negotiations. However, reflecting sharp increases in oil revenues, Nigeria has generally been a price moderate in recent negotiations of international cocoa agreements. The previous International Cocoa Agreement expired on March 31, 1980, when the International Cocoa Organizations failed to agree on a price range that would reflect market conditions. A new International Cocoa Agreement was negotiated in November 1980, but the world's leading producer–the Ivory Coast–and the world's leading consumer–the United States–have elected not to join. Nigeria, and other major producers, notably Brazil and Ghana, have joined the new Agreement. The Agreement's objective is to stabilize cocoa bean prices between $1.10 and $1.50 per pound by means of a buffer stock scheme.

Agricultural Trade Relations with the United States

The main trade policy issues of concern to the United States and Nigeria are: (a) Nigeria's participation in the Multilateral Trade Negotiations (MTN); (b) bilateral trade liberalization talks; and (c) the Joint Agricultural Consultative Committee (JACC).

Participation in Multilateral Trade Negotiations (MTN)

The United States and Nigeria attempted to negotiate concessions from each other during the recent Tokyo Round of MTN, but without success. In agriculture, Nigeria requested from the United States tariff elimination on a number of products, including cocoa, cocoa butter, sweetened chocolate, bananas, coconut oil, cottonseed oil, peanuts, and peanut oil. Some of the duties for which Nigeria requested concessions from the United States have since been either reduced or eliminated as a result of U.S. negotiations with other countries. Accordingly, since January 1, 1980, the duty on cocoa butter has been eliminated, and the duties on several other agricultural products including sweetened chocolate, bananas, and coconut oil have been reduced. Nigeria now benefits from these MFN trade concessions.

The United States requested duty reductions from Nigeria on inedible tallow, and vegetable proteins and isolates, and also stressed the need for Nigeria to justify its import restrictions through GATT.

Bilateral Trade Liberalization Talks

In July 1980, during the fifth session of bilateral economic talks, the United States and Nigeria agreed to attempt to negotiate a bilateral trade agreement. Nigeria's main objective was to be designated eligible for the U.S. Generalized System of Preferences (GSP)[9] to diversify and expand its exports. The United States sought a broad range of import-relief concessions, including a liberalization of Nigeria's import policies for rice.

The Joint Agricultural Consultative Committee (JACC)

To help Nigeria increase its food production, the United States and Nigeria have negotiated a Memorandum of Understanding in Agriculture (appendix II) which sets general objectives for a program of cooperation to assist Nigeria in its agricultural development. The Memorandum, signed in Lagos on July 23, 1980, calls for: (a) scientific, technical, and research exchanges; (b) U.S. assistance in agricultural training and technical support; (c) cooperation in the development and expansion of agricultural trade; and (d) the fostering of private sector involvement in projects consistent with the policies of the two Governments.

The JACC, representing Nigerian and U.S. private businesses, was established in accordance with the Memorandum. The purpose of the JACC is to facilitate private sector cooperation in agriculture and agribusiness between the United States and Nigeria by promoting joint ventures and investments by U.S. firms in the Nigerian agricultural sector.

Former Secretary of Agriculture, Orville L. Freeman, is the chairman of the U.S. side of the JACC. The USDA's Office of International Cooperation and Development is responsible for coordinating the JACC activities on behalf of the United States.

The first joint meeting of the JACC was in Lagos in early June 1981. Nearly 30 U.S. companies were represented at the meeting, including food producers and processors, livestock growers, and farm input suppliers. In the course of the meeting it became apparent that the Nigerian agricultural market offers significant opportunities for profitable U.S.-Nigerian joint ventures, especially in swine, cattle and poultry production, rice milling, tomato growing and processing, and the manufacture of feed and fertilizer.

---

[9]The U.S. Generalized System of Preferences (GSP) provides for unilateral tariff elimination on certain products from selected beneficiary developing countries. The objectives of the GSP program are to enable developing countries to increase export earnings, promote industrialization, and accelerate their rates of economic growth. Member countries of OPEC, including Nigeria, with which the United States often incurs large trade deficits, are excluded from eligibility for GSP unless specified to the contrary by special U.S. legislation.

APPENDIX I

STATISTICAL TABLES[1]

Table 1.–Nigeria's agricultural production by commodity, 1971-80

Commodity	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
	–1,000 Metric tons–									
Rice, paddy	462	466	514	523	600	611	620	826	870	1,030
Corn	1,042	1,182	1,287	1,350	1,400	1,440	1,500	1,640	1,670	1,720
Millet	2,688	3,048	2,150	2,800	2,865	2,865	2,950	3,100	3,130	3,200
Sorghum	3,140	3,561	2,968	3,500	3,590	3,680	3,750	3,760	3,785	3,800
Pulses	542	540	480	525	540	555	365	450	480	490
Cassava	12,396	12,700	13,000	13,300	13,600	13,900	14,000	14,150	14,600	14,800
Yams	16,104	16,257	16,800	17,200	17,600	18,000	18,000	18,100	18,100	18,100
Cocoyams	1,479	1,524	1,565	1,600	1,640	1,680	1,700	1,710	1,710	1,710
Tobacco	15	13	12	12	18	10	8	8	12	17
Cotton	38	49	30	52	58	81	36	37	29	40
Cottonseed	77	95	64	106	106	130	70	80	52	69
Soybeans	1	4	1	1	1	1	3	3	3	3
Peanuts, in shell	845	1,125	340	530	332	350	643	469	400	400
Sesame seed	3	7	3	6	6	6	6	6	6	6
Bananas and plantains	1,300	1,330	1,360	1,390	1,420	1,450	1,400	1,425	1,425	1,425
Other fruit	47	48	50	51	52	53	53	65	65	65
Coffee	4	4	2	2	4	3	3	3	3	3
Cocoa beans	265	264	218	213	218	167	205	140	170	170
Rubber	62	57	66	78	68	56	60	65	65	66
Kola nuts	136	139	143	146	150	154	152	160	160	160
Sugar, raw	34	40	40	60	50	40	36	34	29	32
Palm oil	432	457	432	491	500	500	510	515	500	520
Palm kernels	307	295	244	310	295	321	340	350	335	345
Meats	555	555	565	555	575	590	545	550	550	550
Milk	381	381	360	355	360	370	370	370	380	380

[1] In all tables, 1979 data are preliminary and 1980 data are estimated.

Source: U.S. Department of Agriculture, Economic Research Service.

Table 2.–Nigeria: Aggregate Trade and Financial Data, 1970-79

Year	Total trade			Agricultural trade			Foreign exchange reserves*	Current account	Exchange rate**
	Exports	Imports	Balance	Exports	Imports	Balance			
	In million U.S. dollars								U.S. dollars per naira
1970	1,248	939	309	438	123	315	202	–368	1.40
1971	1,889	1,393	496	392	172	220	408	–406	1.40
1972	2,184	1,366	818	315	201	114	355	–342	1.52
1973	3,607	1,714	1,893	462	233	229	559	–9	1.52
1974	9,698	2,480	7,218	546	322	224	5,602	4,898	1.59
1975	8,329	5,484	2,845	446	572	–126	5,586	42	1.62
1976	10,122	7,478	2,644	506	773	–267	5,180	–357	1.60
1977	12,430	9,721	2,709	739	1,210	–471	4,232	–1,016	1.55
1978	10,508	11,386	–878	783	1,594	–811	1,887	–3,782	1.57
1979	16,734	11,800	4,934	NA***	NA	NA	5,548	1,224	1.66

*Total Reserves minus gold at year end.
**Period average.
***NA indicates not available.

Source: International Financial Statistics 1980 Yearbook; FAO Trade Yearbooks; U.S. Foreign Agricultural Trade Statistical Reports.

Table 3.–Nigeria's supply and distribution of cocoa, 1970-80

(In metric tons)

Crop year[1]	Beginning stocks	Production	Imports				Total supply distribution	Domestic consumption	Exports			
			Beans	Liquor paste[2]	Butter[2]	Powder cake[2]			Beans	Liquor paste[2]	Butter[2]	Powder cake[2]
1969-70.	15,597	229,000	–	–	–	470	245,067	900	178,181	–	12,485	11,378
1970-71.	42,123	323,900	–	–	–	195	366,218	1,100	281,905	–	11,643	11,579
1971-72.	59,991	265,000	–	–	–	–	324,991	1,300	269,663	–	13,245	12,067
1972-73.	28,716	260,800	–	–	–	–	289,516	1,500	229,972	–	15,650	14,639
1973-74.	27,755	220,000	–	–	–	–	247,755	1,800	171,193	–	14,409	15,792
1974-75.	44,561	216,200	–	–	–	–	260,761	2,100	162,406	–	10,011	7,291
1975-76.	78,953	217,900	–	–	–	–	296,853	2,400	223,700	–	10,104	9,187
1976-77.	51,462	167,300	–	–	–	–	218,762	2,500	169,715	–	7,887	7,792
1977-78.	30,868	205,600	–	–	–	–	236,468	2,400	197,688	–	8,370	6,153
1978-79.	21,857	139,000	–	–	–	–	160,857	2,500	124,497	–	10,911	3,729
1979-80.	19,220	170,000	–	–	–	–	189,220	2,700	145,000	–	10,000	10,000

NOTE: [1] October-September; [2] In bean equivalents; – Denotes unavailable, negligible, or zero.

Source: U.S. Department of Agriculture, Foreign Agricultural Service.

Table 4.–Nigeria's supply and distribution of wheat, 1970-80

Crop year[1]	Area harvested	Yield	Beginning stocks	Production	Total imports	Total exports	Domestic Consumption	
							For feed	Total
	1,000 HA	*MT/HA*	– – – – – – –	– – – – – – –	*1,000 MT*	– – – – – – –	– – – – – – –	– – – – – – –
1970-71.	3	2.00	36	6	385	–	1	400
1971-72.	3	2.33	27	7	350	–	1	354
1972-73.	3	2.00	30	6	397	–	–	413
1973-74.	3	1.33	20	4	326	–	–	335
1974-75.	4	1.50	15	6	342	–	–	343
1975-76.	4	1.75	20	7	519	–	–	506
1976-77.	5	1.40	40	7	815	–	–	802
1977-78.	5	1.60	60	8	1,020	–	5	1,015
1978-79.	5	1.60	73	8	1,300	–	6	1,256
1979-80.	6	1.50	125	10	1,350	–	8	1,378
1980-81.	7	1.67	107	15	1,400	–	10	1,420

NOTE: [1]July-June; – Denotes negligible or zero.

Source: U.S. Department of Agriculture, Foreign Agricultural Service.

Table 5.–Nigeria's supply and distribution of corn, 1970-80

Crop year[1]	Area harvest	Yield	Beginning stocks	Production	Total imports	Total exports	Domestic Consumption	
							For feed	Total
	1,000 HA	*MT/HA*	– – – – – – –	– – – – – – –	*1,000 MT*	– – – – – – –	– – – – – – –	– – – – – – –
1970-71.	1,260	1.04	–	1,310	10	–	30	1,320
1971-72.	1,270	.73	–	931	2	–	18	933
1972-73.	1,400	.84	–	1,182	2	–	22	1,184
1973-74.	1,560	.83	–	1,287	2	–	25	1,289
1974-75.	1,625	.83	–	1,350	3	–	25	1,353
1975-76.	1,675	.84	–	1,400	1	–	30	1,401
1976-77.	1,725	.83	–	1,440	25	–	30	1,465
1977-78.	1,800	.83	–	1,500	75	–	70	1,530
1978-79.	1,820	.90	45	1,640	40	–	120	1,660
1979-80.	1,850	.90	65	1,670	125	–	185	1,785
1980-81.	1,900	.89	75	1,720	160	–	250	1,885

NOTE: [1]July-June; – Denotes negligible or zero.

Source: U.S. Department of Agriculture, Foreign Agricultural Service.

Table 6.–Nigeria's supply and distribution of rice, 1970-80

Copy year[1]	Area harvested	Yield	Rough prod.	Beginning stock	Milling rate	Milled prod.	Total imports	Total exports	Total consumption
	(1,000 HA)	(MT/HA)	((1,000 MT)	(1,000 MT)	(Percent)	(1,000 MT)	(1,000 MT)	(1,000 MT)	(1,000 MT)
1970	254	1.68	427	–	66.50	284	2	–	286
1971	263	1.76	462	–	66.50	307	5	–	312
1972	275	1.70	466	–	66.50	310	6	–	316
1973	280	1.84	514	–	66.50	342	6	–	348
1974	285	1.84	523	–	66.50	348	8	–	356
1975	300	1.95	586	–	66.50	390	42	–	432
1976	310	1.97	611	–	66.50	406	103	–	509
1977	325	1.99	647	–	66.50	430	413	–	760
1978	414	2.00	827	83	66.50	550	564	–	850
1979	428	2.11	902	347	66.50	600	100	–	980
1980	550	2.05	1,090	67	66.50	725	387	–	1,100

NOTE: [1]January-December; – Denotes negligible or zero.

Source: U.S. Department of Agriculture, Foreign Agricultural Service.

APPENDIX II

MEMORANDUM OF UNDERSTANDING ON COOPERATION IN THE FIELD OF AGRICULTURE BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE FEDERAL REPUBLIC OF NIGERIA

Article I

A. The Government of the United States of America and the Government of the Federal Republic of Nigeria hereby reaffirm their mutual desire to collaborate in developing programmes and exchanges in all fields relating to the planning and development of agriculture and express their intention to continue to explore possible joint activities which would lead to a broadening of cooperation in this field.

B. The Cooperating Agencies under this Memorandum of Understanding shall be the Department of Agriculture of the United States of America and the Federal Ministry of Agriculture of the Federal Republic of Nigeria.

C. As set forth in Article III of this Memorandum of Understanding, areas of cooperation will be determined after consultations between representatives of both countries, and will be implemented by mutual agreement of the Cooperating Agencies and in conformity with the laws and agricultural policies of both countries.

Article II

The broad program objectives of this Memorandum of Understanding are:

1. To assist in the development of programmes consistent with national policies and goals;
2. To provide technical support in the implementation of agricultural programmes;
3. To exchange materials and information;
4. To exchange scientists, specialists, researchers, and trainees;
5. To cooperate in training in all fields of agricultural planning, development and research;
6. To cooperate in developing and expanding commercial agricultural relations;
7. To foster private sector involvement in projects and activities consistent with the agricultural development policies and objectives of the two Governments.

Article III

A. A Joint Agriculture Working Group shall be formed by the Cooperating Agencies and shall serve as the coordinating body to plan and review activities and their implementation. All activities shall be determined and implemented as mutually agreed by the Cooperating Agencies and shall be documented and appended hereto as Activity Implementation Plans.

B. The Activity Implementation Plans, which shall constitute part of this Memorandum of Understanding, shall specify details of the activities, specific funding arrangements, treatment of intellectual property, and other appropriate matters. In no case will an activity be implemented prior to mutual agreement on terms and responsibilities. All activities shall be subject to the availability of funds.

Article IV

The two Governments agree to promote the establishment of a Joint Agricultural Consultative Committee whose purpose would be to provide a mechanism for support of private sector cooperation in agriculture. The U.S. Committee members would work with their Nigerian counterparts on the Committee toward expanding private sector cooperative projects in Nigeria.

Article V

The two Governments agree to discuss means by which the Government of the United States can assist, where appropriate, on a reimbursable basis, the Federal Government of Nigeria, in raising funds and providing technical assistance for the development and implementation of agricultural projects.

Article VI

The Cooperating Agencies shall encourage and facilitate contacts between appropriate specialists and entities in their respective scientific communities and private sectors, and work toward long-term cooperation in programmes of research, extension, training, trade in agricultural commodities and any other areas related to the objectives set out in Article II.

Article VII

Implementation of this Memorandum of Understanding for the Department of Agriculture of the United States of America shall be coordinated by its Office of International Cooperation and Development. Implementation of this Memorandum of Understanding for the Ministry of Agriculture of the Federal Republic of Nigeria shall be coordinated by that Ministry.

Article VIII

Nothing in this Memorandum of Understanding shall be interpreted to prejudice or modify any existing understandings or agreements between the two Governments or the Cooperating Agencies.

Article IX

This Memorandum of Understanding shall enter into force upon signature and shall remain in force for five years, unless terminated earlier by either Government upon six months' written notice to the other Government. It may be modified or extended by mutual written agreement of the two Governments. In the event of termination of this Memorandum of Understanding, arrangements shall be made for completion of activities underway pursuant thereto.

BIBLIOGRAPHY

(1) Agribusiness Associates, Inc.
Agricultural Investment in Nigeria: The Opportunities and Realities for U.S. Agribusiness Companies. Wellesley, Massachusetts, 1981.

(2) Lanagan, Kevin and Brian D'Silva.
Nigeria: Foundations For Country Strategic Planning. U.S. Dept. of Agriculture, Economic Research Service, 1980.

(3) Pope, George.
Agricultural Reports. U.S. Embassy, Lagos, Nigeria, 1980 and 1981.

(4) World Bank.
Nigeria Agricultural Sector Review. (Volumes I, II, and III.) Washington, D.C. 1979.

(5) Zassenhaus, Harold.
Marketing in Nigeria. U.S. Dept. of Commerce, International Trade Administration, 1979.

☆ U. S. GOVERNMENT PRINTING OFFICE : 1981 731-298/2418